

TENNESSEE DEPARTMENT OF TRANSPORTATION

OFFICE OF INTERNAL AUDIT



ANNUAL AUDIT WORK PLAN

*For the Fiscal Year
July 1, 2014 – June 30, 2015*



July 2, 2014

To: John Schroer, Commissioner of Transportation
Joe Galbato, Deputy Commissioner and Chief Financial Officer

Division of Internal Audit Fiscal Year 2015 Audit Plan

The Office of Internal Audit (IA), in compliance with the requirements of *Tennessee Code Annotated* § 4-3-304 (7), presents the proposed slate of audit projects and IA services planned for the fiscal year 2015. The basis for the annual audit plan included factors such as the results of the 2013 TDOT Enterprise Risk Management, TDOT's financial exposure, regulatory compliance requirements, time elapsed since the last audit engagement, effects on public welfare, and senior leadership concerns. The annual audit plan is a dynamic document that is subject to change as conditions necessitate. In the event of material deviations to the proposed activities, IA will provide an updated or revised plan.

Exhibit A – Audit Work Plan Allocation of Work Hours

| <i>Engagements and Projects</i> | <i>Budgeted Number of Projects</i> | <i>Budgeted Hours</i> |
|---|--|---------------------------|
| Proposed and Current Performance Audits | 3 | 6,000 |
| Special Projects (Attestations, Consultation, and Limited Scope Services) | 2 | 800 |
| TDOT Enterprise Risk Management | 1 | 650 |
| Follow-up Reviews: | | |
| Comptroller Audit Findings FY 2014 | 1 | 250 |
| Right of Way | 1 | 450 |
| Integrity Services (Fraud, Waste, and Abuse Investigations) | 6 | 1,750 |
| Education Services | - | 300 |
| | <i>Cumulative Hours</i> | 10,200 |
| | <i>Total Report Deliverables</i> | 14 |

Exhibit A describes the allocation of 10,200 available audit resource hours to complete ongoing and proposed audits, investigations, and IA initiatives. Budgeted work hours are estimates of direct project hours, based on current staffing levels, and do not account for division administration.

Mel Marcella, CPA, CMA, CIA, CISA, CFE
Director, Division of Internal Audit

**ATTACHMENT
AUDIT WORK PLAN**

Exhibit B – Fiscal Year 2015 Audit Work Plan

| <i>Engagements (as of June 30, 2014)</i> | | <i>Status</i> |
|---|--|-----------------------------------|
| AU 2014-001 – Change Orders and Project Cost Variance Process (Part II of II) | | <i>Fieldwork</i> |
| AU 2014-002 – DMTR Agreed-Upon Procedures Review of Rail Authority Invoices | | <i>Final Review and Reporting</i> |
| SP 2014-001 – DMTR 5311 Transit Grant Invoice Reviews | | <i>Fieldwork</i> |
| <i>Planned Performance Audit Engagements (for the fiscal year 2015)</i> | | <i>Potential Audit Objectives</i> |
| AU 2015-001 – Division of Finance Internal Control Process | <ul style="list-style-type: none"> • <i>Are revenue and disbursement cycle internal controls properly designed, effectively implemented, and functioning as intended?</i> • <i>Do processing controls ensure transactions are supported, authorized, and sufficient to safeguard TDOT assets?</i> • <i>Do current business processes comply with existing policies and statutes and adhere to sound business practices?</i> | |
| AU 2015-002 – Diversity Business Enterprise Process | <ul style="list-style-type: none"> • <i>Do existing internal controls ensure DBE firms meet required Federal certification standards?</i> • <i>Are controls in place to ensure DBE proprietary information is safeguarded?</i> • <i>Do current business processes fully incorporate the Unified Certification Procedures (UCP)?</i> | |
| SP 2015-001 – Right of Way Follow-up Review | <ul style="list-style-type: none"> • <i>Were management’s corrective actions effective in addressing observations resulting from the 2012 audit?</i> | |